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Message Text

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TO AMEMBASSY MANILA

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FOLLOWING REPEAT ROME 9475 ACTION SECSTATE 08 JUN 77

QUOTE

UNCLAS ROME 9475

FODAG

E.O. 11652 N/A
TAGS: FAO, OCON
SUBJ: PROPOSAL FOR STRENGTHENING FAO ACTIVITIES AIMED AT REDUCING
HARVEST AND POST-HARVEST LOSSES (AGENDA ITEM 11)

1. TOPIC WAS INTRODUCED BY ASSISTANT DIRECTOR-GENERAL
BOMMER FOLLOWED BY COMMENTS OF CHAIRMEN OF PROGRAM AND FINANCE
COMMITTEES.

2. THE SUBJECT WAS ADDRESSED BY ABOUT 40 COUNTRY REPRESEN-
TATIVES AND 4 OBSERVERS. WHILE THERE WAS UNANIMOUS SUPPORT
FOR THE PROPOSED FAO PROGRAM ON POST-HARVEST LOSSES, OBJEC-
TIONS TO THE MANNER OF FINANCING THE PROGRAM WERE RAISED
BY A NUMBER OF DELEGATES. ADVERSE REACTION TO METHOD OF
FUNDING, PARTICULARLY USE OF SUSPENSE ACCOUNT FUNDS WAS
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SPLIT ALONG DEVELOPED/DEVELOPING COUNTRY LINES, WITH
NOTABLE EXCEPTION OF ARGENTINA WHO JOINED DEVELOPED COUNTRIES
IN OPPOSING THIS FUNDING MECHANISM. OTHER COMMENTARY QUESTIONNING
PROPOSED METHOD OF FUNDING CAME FROM US, UK, FRANCE, NETHERLANDS,
FINLAND, FRG, JAPAN, ITALY AND NEW ZEALAND CONCLUDING COMMENTS
BY ACTING CHAIRMAN OF FINANCE COMMITTEE MENTIONED THE US BY NAME
SAYING THAT MERE SUPPORT OF THE PROPOSAL WITHOUT FINANCIAL BACKING

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WAS NOT ENOUGH PARTICULARLY IN VIEW OF FORMER SECRETARY KISSINGER'S RAISING THE ISSUE AT THE 7TH UNGA SPECIAL SESSION AND PLEDGING US SUPPORT.

3. THE UK DELEGATION SUGGESTED THAT THE COUNCIL MIGHT CONSIDER UNANIMOUS SUPPORT OF THE PROGRAM BUT DEFER ACTION ON THE METHOD OF FUNDING UNTIL THE 72ND COUNCIL SESSION JUST PRIOR TO THE CONFERENCE IN NOVEMBER.

4. THE DIRECTOR-GENERAL SENSING THE DIFFICULTY FOR MANY OF THE MAJOR DONORS IN ACCEPTING USE OF SUSPENSE ACCOUNT FUNDS TOOK UP THIS SUGGESTION IN HIS CLOSING REMARKS ON THE ISSUE. HE INDICATED THAT TIME COULD BE SPENT TO SUGGEST MODIFICATION OF THE LANGUAGE OF THE PROPOSED RESOLUTION IN CL 71/4 AND TO SEARCH FOR OTHER ALTERNATIVES ACCEPTABLE TO ALL DELEGATIONS.

5. HOWEVER, IN THE SUMMARY GIVEN BY THE INDEPENDENT CHAIRMAN IT WAS SUGGESTED THAT MODIFIED LANGUAGE ON THE RESOLUTIONS SHOULD BE DEBATED IN THE DRAFTING COMMITTEE OF THIS COUNCIL SESSION AND URGEND TRANSMITTAL OF A MODIFIED RESOLUTION TO THE CONFERENCE.

6. COMMENT: IT SEEMS LIKELY THAT ISSUE OF USE OF SUSPENSE ACCOUNT MONIES FOR POST-HARVEST LOSS FUND WILL NOT BE RESOLVED AT THIS COUNCIL SESSION BUT AT THE 72ND COUNCIL THIS NOVEMBER. WORK NEEDS TO BEGIN URGENTLY TO DEVELOP A VIABLE APPROACH TO THIS ISSUE BY THEN. OUR CURRENT POSITION OF OPPOSING PROPOSED METHOD BUT HAVING NOTHING TO SUGGEST IS PARTICULARLY DIFFICULT GIVEN U.S. INITIATIVE IN PROPOSING POST-HARVEST LOSS PRIORITY IN THE FIRST PLACE.
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7. ONE POSSIBILITY WOULD BE A THREE-PRONGED APPROACH. FIRST CONCUR IN USE OF MORE REGULAR BUDGET FUNDS TO SUPPORT FAO HEADQUARTERS ACTIVITIES IN SUPPORT OF POST-HARVEST LOSS PROGRAM. SECOND, ESTABLISH A VOLUNTARY TRUST FUND FOR TECHNICAL ASSISTANCE IN SUPPORT OF COUNTRY ACTIVITIES. THIRD, ESTABLISH AN ATTRIBUTION ACCOUNT WHICH WOULD CREDIT COUNTRIES FOR DIRECT BILATERAL ASSISTANCE AND POSSIBLY ALSO ASSISTANCE BY INTERNATIONAL FINANCIAL INSTITUTIONS IN SUPPORT OF POST-HARVEST LOSS REDUCTION. THIS PACKAGE COULD BE QUITE ATTRACTIVE AND MOBILIZE ASSISTANCE FROM A WIDE VARIETY OF SOURCES.

8. CRITICAL ISSUE IS HOW TO FINANCE AND MANAGE THE VOLUNTARY FUND. FAO SECRETARIAT WANTS TO USE DLR 10 MILLION SUSPENSE ACCOUNT MONIES AS INITIAL CONTRIBUTION TO A DLR 20 MILLION FUND. WE OBJECT TO THIS AS AN UNJUSTIFIED AND INAPPROPRIATE FINANCIAL PRACTICE. SOME LDC'S WANT TO USE ASSESSED BUDGET OF FAO AS SOLE SOURCE OF FINACING. WE OBJECT TO THIS AS FURTHER EROSION OF THE PRINCIPLE THAT TECHNICAL ASSISTANCE SHOULD BE FUNDED THROUGH

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VOLUNTARY, NOT ASSESSED, CONTRIBUTIONS. BUT WE ARE LIKELY TO
BE FORCED INTO ACCEPTING EITHER OF THESE TWO METHODS UNLESS WE
CAN SUPPORT AN ATTRACTIVE ALTERNATIVE. IN THIS REGARD WE SEE
THREE POSSIBILITIES, EACH OF WHICH HAS ADVANTAGES AND DISAD-
VANTAGES.

9. FIRST, WE COULD PROPOSE ESTABLISHMENT OF A UNDP TRUST
FUND WHICH WOULD USE FAO AS THE MAJOR EXECUTING AGENCY. THE
ADVANTAGE OF THIS APPROACH IS THAT IT WOULD PUT UNDP IN A CENTRAL
AND COORDINATING ROLE. THE DISADVANTAGE IS THAT IT WOULD BE IN-
TERPRETED WIDELY AS A GRATUITOUS SWIPE AT FAO, SINCE FAO, NOT
UNDP HAS TAKEN THE LEAD IN PRESSING THIS ISSUE AND HAS BUILT
A GREAT DEAL OF POLITICAL MOMENTUM BEHIND IT. IT IS HIGHLY
UNLIKELY THAT THIS PROPOSAL WOULD SUCCEED.

10. SECOND, WE COULD PROPOSE AN FAO-ADMINISTERED TRUST FUND,
BUT USE UNDP AS A FISCAL AGENT FOR OUR CONTRIBUTION AND SUGGEST
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THAT OTHERS MAY WISH TO DO THE SAME. THE ADVANTAGE OF THIS
APPROACH IS THAT FAO COULD BE GIVEN MANAGEMENT AND COORDINATION
ACTIVITIES BUT WE WOULD ENFORCE OUR VIEWS OF UNDP AS THE CENTRAL
FUNDING SOURCE FOR UN TECHNICAL ASSISTANCE. THE DISADVANTAGE IS
THAT UNDP'S COORDINATION AND MANAGEMENT ROLE COULD BE UNDE-
TERMINED AND THE GESTURE OF USING NDP AS A FISCAL AGENT WOULD STILL
BE INTERPRETED RIGHTLY OR WRONGLY AS A SWIPE AT FAO.

11. FINALLY, WE COULD SIMPLY SUPPORT AN FAO TRUST FUND, RECOGNI-
ZING THE IMPORTANCE AND LEADERSHIP ROLE FOR FAO IN THIS FIELD
AND CLEARLY ESTABLISHING THE PRINCIPLE OF VOLUNTARY FUNDING FOR
THE POST-HARVEST LOSS PROGRAM.HOLMES
UNQUOTE VANCE.

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